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JOSEPH SULLIVAN

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CHINA-U.S. TRADE ANNIVERSARY

ANNCR:

FIVE YEARS AGO THIS WEEK (JUNE 10), FORMER PRESIDENT RICHARD NIXON LIFTED A TWENTY-ONE-YEAR EMBARGO ON U.S. TRADE WITH THE PEOPLE'S REPUBLIC OF CHINA. VOA NEWS ANALYST JOSEPH SULLIVAN HAS THESE OBSERVATIONS.

VOICE:

THE SUSPENSION OF THE LONG-STANDING U.S. TRADE EMBARGO WAS ONE OF SEVERAL INITIATIVES TAKEN BY WASHINGTON BEFORE THE HISTORIC NIXON VISIT TO CHINA IN 1972. THE ACTION WAS PRAISED IN MANY QUARTERS, AND PARTICULARLY AMONG THE AMERICAN BUSINESS COMMUNITY. ONE WRITER LATER OBSERVED THAT, WITH THE END OF THE EMBARGO, U.S. BUSINESSMEN REDISCOVERED CHINA. IT ALSO PROMPTED SPECULATION THAT THE WORLD'S MOST POPULOUS NATION WOULD EMERGE AS ONE OF THE WORLD'S MOST PROMISING MARKETS. BUT FOREIGN TRADE STILL PLAYS A RELATIVELY SMALL ROLE IN THE CHINESE ECONOMY. AND SOME ECONOMISTS HAVE RESERVATIONS ABOUT CHINA'S TRADE POTENTIAL, GIVEN PEKING'S RELUCTANCE TO ACCEPT FOREIGN CREDITS.

IN ANY EVENT, THE IMPRESSIVE GROWTH IN U.S.-CHINA TRADE SINCE THE EMBARGO WAS LIFTED HAS SUPPORTED OPTIMISTIC EXPECTATIONS OF INCREASED COMERCIAL TIES BETWEEN THE TWO COUNTRIES. TRADE BETWEEN THE NITED STATES AND CHINA ROSE FROM PARTICALLY NOTHING TO NINETY-SX MILLION DOLLARS IN VALUE IN 1972. IN THE FOLLOWING YEAR -- MAJLY BECAUSE OF LARGE SHIPMENTS OF U.S. AGRICULTURAL COMMODITIES TO CHINA -- TOTAL TRADE EXCEED 800 MILLION DOLLARS. NINETEEN SEVENTY-FIVE SAW THE ABRUPT CANCELLATION AT THE START OF THE YEAR OF CHINESE ORDERS FOR AMERICAN WHEAT AND CORN. TO FOREIGN

OBSERVERS, THE ACTION REFLECTED PARTICULARLY GOOD GRAIN HARVESTS IN CHINA AND SUGGESTED A CUTBACK ON FOODGRAIN IMPORTS AS A WAY TO CONSERVE HARD CURRENCY EARNINGS.

THE CURTAILMENT IN CHINESE IMPORTS IN 1975 HELPED TO REDUCE THE TRADE IMBALANCE THAT HAD GREATLY FAVORED THE UNITED STATES. AT THE SAME TIME THAT IMPORTS DROPPED, CHINESE EXPORTS TO THE UNITED STATES ROSE BY THIRTY PERCENT, AND IN 1975 ACCOUNTED FOR ABOUT ONE-THIRD OF THE TOTAL TRADE BETWEEN THE TWO COUNTRIES.

CHRISTOPHER PHILLIPS -- PRESIDENT OF THE NATIONAL COUNCIL FOR U.S.-CHINA TRADE -- PREDICTS THAT DESPITE LAST YEAR'S SHARP DECLINE TRADE BETWEEN THE TWO COUNTRIES COULD EXCEED TWO THOUSAND MILLION DOLLARS IN VALUE BY 1980. HE BELIEVES THAT TRADE WILL SETTLE INTO A MORE BALANCED, STABLE GROWTH PERIOD IN WHICH TECHNOLOGY, MACHINERY, PLANTS AND EQUIPMENT WILL BECOME A LONG-TERM ELEMENT OF AMERICAN EXPORTS TO CHINA. U.S. IMPORTS FROM CHINA, HE SAYS, SHOULD INCLUDE AN INCREASINGLY HIGHER PROPORTION OF METALS AND MINERALS. AND LIKE OTHER FOREIGN TRADE SPOKESMEN, MISTER PHILLIPS BELIEVES THAT U.S. ECONOMIC RELATIONS WITH CHINA ARE MOVING FORWARD ABOUT AS FAST AS EITHER SIDE CAN MANAGE UNDER EXISTING CONDITIONS.

THERE'S NO QUESTION THAT BOTH THE UNITED STATES AND CHINA HAVE BENEFITED FROM THE OPENING OF DIRECT TRADE. CHINA, ON THE ONE HAND, HAS GAINED ACCESS TO THE AMERICAN MARKET AND TO U.S. AGRICULTURAL COMMODITIES AND HIGH TECHNOLOGY INDUSTRIAL PRODUCTS. WHILE AMERICAN BUSINESSMEN CAN NOW COMPETE IN A MARKET PREVIOUSLY CLOSED TO THEM.

U.S. OFFICIALS HAVE REITERATED THAT COMMERCIAL TIES WITH CHINA HAVE PROGRESSED WITHOUT SERIOUS PROBLEMS AND ARE WORKING EXCEEDINGLY WELL. AND, IN A LARGER CONTEXT, THEY STRESS THAT TRADE

-- LIKE OTHER CONTACTS -- MUST INEVITABLY CONTRIBUTE TO THE
ACHIEVEMENT OF NORMAL RELATIONS WITH CHINA.

GH/RCS